



Department of Defense

DIRECTIVE

September 2, 1986
NUMBER 1338.4

ASD (FM&P)

SUBJECT : Mortgage Insurance for Service Members to Aid in Construction or Purchase of Homes

References: (a) DoD Directive 1338.4, "Mortgage Insurance for Servicemen to Aid in Construction or Purchase of Homes" July 20, 1971 (hereby canceled)
(b) "National Housing Act, " Section 222, as amended (12 U.S. C. 1715m)
(c) Public Law 96-130, "Military Construction Appropriation Act, " 1980

A. REISSUANCE AND PURPOSE

This Directive reissues reference (a) , discontinues certificates of eligibility for Service members, and provides policy for continuing and terminating the payments of mortgage insurance for Service members as prescribed in reference (b) .

B. APPLICABILITY

This Directive applies to the Military Departments.

C. DEFINITIONS

1. Eligible Service Member. A person to whom a certificate of eligibility was issued before the Service Members Mortgage Insurance Premium Program was discontinued under reference (c) .

2. Housing. A dwelling unit designated as a one-family residence, including a condominium for use by a Service member.

3. Period of Ownership by Service Members. The period of eligibility during which the Military Departments concerned are required to pay Service members' mortgage insurance premiums to the Federal Housing Administration (FHA) . For DoD administrative purposes, this period shall have begun before the program was discontinued on March 31, 1980; it shall terminate when FHA receives a certificate of termination from the Military Department concerned. The Military Departments shall forward a DD Form 803, "Certificate of Termination" to the FHA and stop payment of mortgage insurance premiums in question because of the Service member' s (a) death, with no surviving spouse as owner of the property; (b) discharge or separation from active duty; (c) **termination** of ownership or (d) specific request.

D. POLICY

1. Public Law 96-130 (reference (c)) terminated funding of mortgage insurance for Service members under the "National Housing Act," Section 222 (reference (b)), effective March 31, 1980, with a grandfathering clause for Service members in the Section 222 mortgage program before March 31, 1980.

2. Payments of mortgage insurance premiums of loans for eligible Service members as defined in this Directive shall be made by a designated activity of the Military Department concerned following receipts of vouchers directly forwarded from the FHA.

3. Payments of an eligible Service member's mortgage insurance premiums after his or her death, when the surviving spouse assumes ownership of the property, shall be made by the Military Department concerned for 2 years beyond the date of death, or until the surviving spouse disposes of the property, dies, or remarries, whichever date occurs first. When payments are to be discontinued, the Military Department concerned shall notify the surviving spouse of the cost of mortgage insurance premiums.

4. The Military Department concerned shall issue a certificate of termination to the Assistant Commissioner-Comptroller, FHA, 451 Seventh Street, S.W., Washington, D.C. 20410, when an eligible Service member has terminated the period of ownership, as stated in Section C. of this Directive.

5. Mortgage insurance on housing purchased by a Service member eligible under this Directive shall be governed by applicable FHA regulations.

E. RESPONSIBILITIES

The Secretary of each Military Department shall develop a system to ensure that only eligible Service members are receiving mortgage insurance under the "National Housing Act," Section 222 program (reference (b)). The authority to issue a certificate of termination is delegated to the Secretaries of the Military Departments who may redelegate to Commanders of echelons within each of their respective departments where personnel records are maintained.

F. INFORMATION REQUIREMENTS

The Military Departments shall use DD Form 803 to notify FHA when an eligible Service member's property ownership is terminated.

G. EFFECTIVE DATE

This Directive is effective immediately.



William H. Taft, IV
Deputy Secretary of Defense